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**FISCAL IMPACT STATEMENT**

**LS 6712**

**BILL NUMBER:** SB 272

**NOTE PREPARED:** Dec 29, 2009

**BILL AMENDED:**

**SUBJECT:** Gary Airport Authority.

**FIRST AUTHOR:** Sen. Tallian

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill requires the airport authority established by the City of Gary to use the procedures set forth in IC 5-23 (concerning BOT agreements and operating agreements) when selecting a person with whom to enter into a lease, management agreement, or other contract for use, management, operation, construction, expansion, financing, and other activities with respect to the airport facilities for a period not to exceed 99 years (current law exempts the airport authority from complying with IC 5-23 when entering into a lease, management agreement, or other contract under any part of the local airport authority statute).

It also provides that the airport authority established by the City of Gary shall, to the extent permitted by federal law or any grant agreement, distribute to the Northwest Indiana Regional Development Authority any payments received under certain leases, management agreements, or other contracts under which the lessee or other operator agrees to lease, manage, or operate all or part of the airport facilities (current law requires distributions from such payments to the City of Gary).

The bill deletes a legislative finding of fact concerning the City of Gary and its airport authority, and it makes conforming changes.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** If the Gary Airport Authority were to enter into a lease, management agreement, or contract to operate all or part of the airport facility, the expense of the contracting process could increase to meet the requirements concerning public-private agreements for state and local government. The increase in cost is unknown, but would be based on the difference in cost between an agreement that would not have had to conform to statute and an agreement that complies with the public-private agreements statute.

**Explanation of Local Revenues:** If the Gary Airport Authority were to enter into a lease, management agreement, or contract to operate all or part of the airport facility, revenues from the agreement would go to the Northwest Indiana Regional Development Authority's (NIRDA) Development Authority Fund rather than the City of Gary.

*Background:* Under current law, revenue received under an agreement would be distributed to the City of Gary in installments and on dates determined by the fiscal body of the City of Gary, and the money may be used for any legal or corporate purpose of the City. The payments would not reduce the City's maximum levy, but could be used to reduce the property tax levy for a particular year.

The Development Authority Fund is to carry out the powers and duties of the NIRDA. The fund is composed of a general fund and a lease rental account for the payment of leases enter into by the NIRDA.

**State Agencies Affected:**

**Local Agencies Affected:** City of Gary; NIRDA.

**Information Sources:**

**Fiscal Analyst:** Karen Firestone, 317-234-2106.